

SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made this 9th day of August, 2010, by and through the Board of Directors (Board) of Home Savings Bank, Jefferson City, Missouri, OTS Docket No. 01282 (Association) and the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Western Region (Regional Director);

WHEREAS, the OTS, pursuant to 12 U.S.C. § 1818, has the statutory authority to enter into and enforce supervisory agreements to ensure the establishment and maintenance of appropriate safeguards in the operation of the entities it regulates; and

WHEREAS, the Association is subject to examination, regulation and supervision by the OTS; and

WHEREAS, based on its February 26, 2010 examination of the Association, the OTS finds that the Association has operated with an elevated level of classified assets¹ and an inadequate business plan, and did not establish a customer information security program that complied with applicable laws and regulations; and

WHEREAS, in furtherance of their common goal to ensure that the Association addresses the unsafe or unsound practices and/or violations of law or regulation identified by the OTS in the February 26, 2010 Report of Examination (ROE), the Association and the OTS have mutually agreed to enter into this Agreement; and

WHEREAS, on August 3, 2010, the Association's Board, at a duly constituted meeting, adopted a resolution (Board Resolution) that authorizes the Association to enter into this Agreement and directs compliance by the Association and its directors, officers,

¹ The term "Classified Assets" includes all assets classified as substandard, doubtful, or loss.

employees, and other institution-affiliated parties with each and every provision of this Agreement.

NOW, THEREFORE, in consideration of the above premises, it is agreed as follows:

Compliance with Laws and Regulations.

1. The Association shall comply with 12 C.F.R. § 568.5 and Appendix B to 12 C.F.R. Part 570 (Customer Information Security Program).

Business Plan.

2. By September 30, 2010, the Association shall submit an updated comprehensive business plan for the time period beginning with the quarter beginning October 1, 2010 through the quarter ending December 31, 2012 that it is acceptable to the Regional Director and addresses all corrective actions in the ROE relating to the Association's Business Plan. At a minimum, the Business Plan shall conform to applicable laws, regulations and regulatory guidance and include:

- (a) plans to improve the Association's core earnings, maintain appropriate levels of liquidity, and achieve profitability on a consistent basis throughout the term of the Business Plan;
- (b) plans to maintain a Tier 1 (Core) Capital Ratio equal to or greater than nine percent (9%) and a Total Risk-Based Capital Ratio equal to or greater than sixteen percent (16%);
- (c) strategies for ensuring that the Association has the financial and personnel resources necessary to implement and adhere to the Business Plan, adequately support the Association's risk profile, maintain compliance with applicable regulatory capital requirements, and comply with this Agreement;

- (d) quarterly pro forma financial projections (balance sheet, regulatory capital ratios, and income statement) for each quarter covered by the Business Plan that are presented in a format consistent with the Thrift Financial Report (TFR); and
 - (e) identification of all relevant assumptions made in formulating the Business Plan and a requirement that documentation supporting such assumptions be retained by the Association.
3. Upon receipt of written notification from the Regional Director that the Business Plan is acceptable, the Association shall implement and adhere to the Business Plan. A copy of the Business Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within five (5) days after the Board meeting.
4. Any material modifications² to the Business Plan must receive the prior written non-objection of the Regional Director. The Association shall submit proposed material modifications to the Regional Director at least forty-five (45) days prior to implementation.
5. Within sixty (60) days after the end of each quarter, after implementation of the Business Plan, the Board shall review quarterly variance reports on the Association's compliance with the Business Plan (Business Plan Variance Reports). The Business Plan Variance Reports shall:
- (a) identify variances in the Association's actual performance during the preceding quarter as compared to the projections set forth in the Business Plan;
 - (b) contain an analysis and explanation of identified variances; and
 - (c) discuss the specific measures taken or to be taken to address identified variances.

² A modification shall be considered material under this Paragraph of the Agreement if the Association plans to: (a) engage in any activity that is inconsistent with the Business Plan; or (b) exceed the level of any activity contemplated in the Business Plan or fail to meet target amounts established in the Business Plan by more than ten percent (10%), unless the activity involves assets risk-weighted fifty percent (50%) or less, in which case a variance of more than twenty-five percent (25%) shall be deemed to be a material modification.

6. A copy of each Business Plan Variance Report and the Board meeting minutes shall be provided to the Regional Director within five (5) days after the Board meeting.
7. By October 31, 2011, and at least sixty (60) days prior to the end of each calendar year thereafter, the Association shall submit to the Regional Director an updated Business Plan that is acceptable to the Regional Director and that addresses the criteria set forth in Paragraph 2 of the Agreement.
8. Upon receipt of written notification from the Regional Director that the updated Business Plan is acceptable, the Association shall implement and adhere to the Business Plan. A copy of the updated Business Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within five (5) days after the Board meeting.

Brokered Deposits.

9. Effective immediately, the Association is prohibited from increasing the dollar amount of brokered deposits³ at the Association without receiving the prior written non-objection of the Regional Director. The Association's written request for non-objection shall be submitted to the Regional Director at least thirty (30) days prior to the anticipated date of acceptance of additional brokered deposits.

Allowance for Loan and Lease Losses.

10. By August 31, 2010, the Association shall revise its policies, procedures, and methodology relating to the timely establishment and maintenance of an adequate allowance for loan and lease losses (ALLL) level (ALLL Policy) to ensure that it is acceptable to the Regional Director and addresses all corrective actions set forth in the ROE relating to ALLL. The ALLL Policy shall comply with applicable laws, regulations, and regulatory guidance and shall:

³ The term "brokered deposit" is defined at 12 C.F.R. § 337.6(a)(2).

- (a) incorporate the results of all internal loan reviews and classifications;
- (b) address the historical loan loss rates of the Association in compliance with regulatory guidance, which shall be updated quarterly with heavier weighting assigned to rates of the most recent quarters; and
- (c) take into consideration current and prospective market and economic conditions.

11. Within sixty (60) days after the end of each quarter, beginning with the quarter ending September 30, 2010, the Association shall analyze the adequacy of the ALLL consistent with its ALLL Policy (Quarterly ALLL Report). The Board's review of the Quarterly ALLL Report, including, but not limited to, all qualitative factors considered in determining the adequacy of the Association's ALLL, shall be fully documented in the Board meeting minutes. Any deficiency in the ALLL shall be remedied by the Association in the quarter in which it is discovered and before the Association files its TFR with the OTS. A copy of the Quarterly ALLL Report and the Board meeting minutes detailing the Board's review shall be provided to the Regional Director within five (5) days after the Board meeting.

Classified Assets.

12. By September 30, 2010, the Association shall submit to the Regional Director a detailed, written plan with specific strategies, targets, and timeframes to reduce⁴ the Association's level of classified assets (Classified Asset Reduction Plan) that is acceptable to the Regional Director.

The Classified Asset Reduction Plan, at a minimum, shall include:

- (a) quarterly targets for the level of classified assets as a percentage of Tier 1 (Core) Capital plus ALLL;

⁴ For purposes of this Paragraph, the term "reduce" means to collect, sell, charge off, or improve the quality of an asset sufficient to warrant its removal from adverse criticism or classification.

- (b) a description of the methods for reducing the Association's level of classified assets to the established targets; and
- (c) all relevant assumptions and projections based on a best-case scenario, a worst-case scenario, and a most probable case scenario, and documentation supporting such assumptions and projections.

13. Upon receipt of written notification from the Regional Director that the Classified Asset Reduction Plan is acceptable, the Association shall implement and adhere to the Classified Asset Reduction Plan. The Board's review of the Classified Asset Reduction Plan shall be fully documented in the Board meeting minutes. A copy of the Classified Asset Reduction Plan shall be provided to the Regional Director within five (5) days of adoption by the Board.

14. Within sixty (60) days after the end of each quarter, beginning with the quarter ending September 30, 2010, the Association shall submit a quarterly written asset status report (Quarterly Asset Report) to the Board. The Board's review of the Quarterly Asset Report shall be fully documented in the Board meeting minutes. The Quarterly Asset Report shall include, at a minimum:

- (a) a comparison of classified assets to Tier 1 (Core) Capital plus ALLL;
- (b) a comparison of classified assets at the current quarter end with the preceding quarter;
- (c) a breakdown of classified assets by type and risk factor, for example, residential, consumer, and commercial real estate loans; location, and origination source;
- (d) an assessment of the Association's compliance with the Classified Asset Reduction Plan; and
- (e) a discussion of the actions taken during the preceding quarter to reduce the

Association's level of classified assets.

15. Within sixty (60) days after the end of each quarter, beginning with the quarter ending September 30, 2010, the Association shall submit a copy of the Quarterly Asset Report to the Regional Director.

Concentrations of Assets and Liabilities.

16. By September 30, 2010, the Association shall revise its written program for identifying, monitoring, and controlling risks associated with concentrations of assets and liabilities (Concentration Program) to ensure that it is acceptable to the Regional Director and addresses all corrective actions set forth in the ROE relating to concentrations of assets and liabilities. The Concentration Program shall comply with all applicable laws, regulations, and regulatory guidance and shall:

- (a) establish comprehensive concentration limits expressed as a percentage of Tier 1 (Core) Capital plus ALLL, and document the appropriateness of such limits based on the Association's risk profile;
- (b) establish stratification categories of the Association's concentrations of assets and liabilities, such as borrowings, non-owner-occupied multi-family loans, nonresidential loans, and auto loans; and enhanced risk analysis, monitoring, and management for each stratification category;
- (c) contain specific review procedures and reporting requirements, including written reports to the Board, designed to identify, monitor, and control the risks associated with concentrations of assets and liabilities and periodic market analysis for the various property types and geographic markets represented in its portfolio; and

(d) contain a written action plan, including specific time frames, for bringing the Association into compliance with its concentration of assets and liabilities.

17. Within sixty (60) days after the end of each quarter, beginning with the quarter ending September 30, 2010, the Board shall review the appropriateness of the Association's concentration limits given current conditions and the Association's compliance with its Concentration Program, including the written action plan to reduce the current level of concentrations (Quarterly Concentration Report). The Board's review of the Quarterly Concentration Report shall be fully documented in the Board meeting minutes and the Association shall submit a copy of the Quarterly Concentration Report to the Regional Director within sixty (60) days after the end of the quarter.

Addition of Director.

18. By September 30, 2010, the Association shall add to its Board at least one (1) director who: (a) is an independent;⁵ (b) has banking, financial regulatory, financial management, or accounting background and experience; and (c) is acceptable to the Regional Director.

Liquidity Management.

19. By September 30, 2010, the Association shall revise its liquidity and funds management policy (Liquidity Management Policy) to ensure that it addresses all corrective actions set forth

⁵ For purposes of this Paragraph, an individual who is "independent" with respect to the Association shall be any individual who:

- (a) is not employed in any capacity by the Association or its subsidiary;
- (b) is not related by blood or marriage to any officer or director of the Association or its subsidiary and who does not otherwise share a common financial interest with any such office or director;
- (c) is not indebted, directly or indirectly, to the Association or its subsidiary, including the indebtedness of any entity in which the individual has a financial interest;
- (d) does not have a business or professional relationship with any existing director or officer of the Association or its subsidiary; and
- (e) has not served as a consultant, advisor, underwriter, or legal counsel to the Association or its subsidiary.

in the ROE relating to liquidity and funds management. The Liquidity Management Policy shall comply with all applicable laws, regulations, and regulatory guidance.

20. The Liquidity Management Policy shall include a Contingency Funding Plan, which shall, at a minimum, include:

- (a) alternative funding sources for meeting extraordinary demands or to provide liquidity in the event the sources identified are insufficient. Such alternative funding sources must consider, at a minimum, the selling of assets, obtaining secured lines of credit, recovering charged-off assets, injecting additional equity capital, and the priority of their implementation;
- (b) appropriate lines of credit at correspondent banks, including the Federal Reserve Bank, that would allow the Association to borrow funds to meet depositor demands if the Association's other provisions for liquidity prove to be inadequate; and
- (c) retention of investment securities and other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Association's total assets) to ensure the maintenance of the Association's liquidity position at a level consistent with short-and-long-term liquidity objectives.

21. The Board's review of the Liquidity Management Policy shall be fully documented in the Board meeting minutes. A copy of the Liquidity Management Policy shall be provided to the Regional Director within five (5) days of adoption by the Board.

22. Within five (5) days of receipt of communication from a Federal Home Loan Bank, Federal Reserve Bank, correspondent bank, or government agency with collateralized public unit deposits regarding changes in the Association's borrowing and/or collateral requirements, the Association shall notify the Regional Director of such communication.

Information Security Program.

23. By September 30, 2010, the Board shall adopt a written customer information security program (Customer Information Security Program) and ensure that it addresses all corrective actions set forth in the ROE relating to customer information systems. The Customer Information Security Program shall comply with all applicable laws, regulations, and regulatory guidance, be based on the Association's risk assessment, and, at a minimum, include:

- (a) requirements and guidelines set forth in Appendix B to 12 C.F.R. Part 570, OTS Examination Handbook § 341, Federal Financial Institutions Examination Council's Information Security Booklet, and OTS CEO Memorandum No. 231 (Interagency Guidelines Establishing Information Security Standards);
- (b) identification of risks to customer information and customer information systems;
- (c) establishment of controls to address identified risks to customer information and customer information systems;
- (d) policies and procedures to properly dispose of customer information;
- (e) requirement for an annual independent audit of the Association's Customer Information Security Program and the Association's compliance with Appendix B to 12 C.F.R. Part 570 by a qualified party;
- (f) implementation of corrective actions addressing the deficiencies noted in the independent information technology audits; and

(g) requirement for annual reports from Management⁶ that address, at a minimum, the requirements of Appendix B to 12 C.F.R. Part 570 and Paragraph 25 of this Agreement.

24. A copy of the Association's Customer Information Security Program and the Board meeting minutes reflecting the Board's review and adoption thereof shall be provided to the Regional Director within five (5) days after the Board meeting.

Management Reports.

25. By September 30, 2010, and by the last day of August of each subsequent year thereafter, Management shall submit a report to the Board that complies with all applicable laws, regulations, and regulatory guidance, and, at a minimum, addresses:

- (a) the Association's comprehensive risk assessment;
- (b) risk management and control decisions;
- (c) any vendor management issues or service provider arrangements, including, but not limited to, compliance with the requirements of Section IIID of Appendix B and Section IC of Supplement A to Appendix B to 12 C.F.R. Part 570;
- (d) results of testing of key controls, systems, and procedures of the Association's Customer Information Security Program and the business continuity plans for the Association and its data processor server;
- (e) any security breaches or violations, occurrences of any incidents within the scope of Supplement A to Appendix B to 12 C.F.R. Part 570, and management's responses;
- (f) correction of any deficiencies noted in an independent audit or OTS examination report;

⁶ The term "Management" means one or more Senior Executive Officers; the term "Senior Executive Officer" is defined at 12 C.F.R. § 563.555.

(g) any new regulatory requirements and the status of the Association's compliance efforts;

(h) the adequacy of training, resources, and time allocation provided to the employee(s) with information technology functions to perform such functions; and

(i) the adequacy of training of the directors, officers, and employees regarding the safeguarding of customer information.

26. The Board's review of the Management Reports shall be fully documented in the Board minutes.

Growth.

27. Effective immediately, the Association shall not increase its total assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the prior quarter without the prior written notice of non-objection of the Regional Director. The growth restriction imposed by this Paragraph shall remain in effect until the Association receives the Regional Director's written notice of non-objection of its Business Plan pursuant to Paragraph 3 of this Agreement.

Directorate and Management Changes.

28. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers set forth in 12 C.F.R. Part 563, Subpart H.

Golden Parachute and Indemnification Payments.

29. Effective immediately, the Association shall not make any golden parachute payment⁷ or prohibited indemnification payment⁸ unless, with respect to each such payment, the Association

⁷ The term "golden parachute payment" is defined at 12 C.F.R. § 359.1(f).

has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

Employment Contracts and Compensation Arrangements.

30. Effective immediately, the Association shall not enter into, renew, extend or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides the Regional Director with not less than thirty (30) days prior written notice of the proposed transaction. The notice to the Regional Director shall include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement or arrangement submitted to the Regional Director fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A.

Board Oversight of Compliance with Agreement.

31. Effective immediately, the Board shall monitor and coordinate the Association’s compliance with the provisions of this Agreement and the completion of all corrective actions required in the ROE. The Board shall review and adopt all policies and procedures required by this Agreement prior to submission to the OTS.

32. Within sixty (60) days after the end of each quarter, beginning with the quarter ending September 30, 2010, the Association shall prepare a written compliance progress report for the Board (Compliance Tracking Report). The Compliance Tracking Report shall, at a minimum:

- (a) separately list each corrective action required by this Agreement and the ROE;

⁸ The term “prohibited indemnification payment” is defined at 12 C.F.R. § 359.1(l).

- (b) identify the required or anticipated completion date for each corrective action; and
- (c) discuss the current status of each corrective action, including the action(s) taken or to be taken to comply with each corrective action.

33. Within sixty (60) days at the end of each quarter, beginning with quarter ending September 30, 2010, the Board shall review the Compliance Tracking Report and all reports required to be prepared by this Agreement. Following its review, the Board shall adopt a resolution: (a) certifying that each director has reviewed the Compliance Tracking Report and all required reports; and (b) documenting any corrective actions adopted by the Board. A copy of the Compliance Tracking Report and the Board resolution shall be provided to the Regional Director within five (5) days after the Board meeting.

34. Nothing contained herein shall diminish the responsibility of the entire Board to ensure the Association's compliance with the provisions of this Agreement.

Effective Date.

35. This Agreement is effective on the Effective Date as shown on the first page.

Duration.

36. This Agreement shall remain in effect until terminated, modified or suspended, by written notice of such action by the OTS, acting by and through its authorized representatives.

Time Calculations.

37. Calculation of time limitations for compliance with the terms of this Agreement run from the Effective Date and shall be based on calendar days, unless otherwise noted.

Submissions and Notices.

38. All submissions to the OTS that are required by or contemplated by the Agreement shall be submitted within the specified timeframes.

39. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Agreement shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

(a) To: OTS
Philip A. Gerbick, Regional Director
Attn: Dennis Havener, Assistant Director
Office of Thrift Supervision
225 E. John Carpenter Freeway, Suite 500
Irving, Texas 75062-9027
Facsimile: (972) 277-9501

(b) To: Home Savings Bank
Attn: John Curtit, President and CEO
130 E. McCarty Street
Jefferson City, Missouri 65102-0867
Facsimile: (573) 636-3579

No Violations Authorized.

40. Nothing in this Agreement shall be construed as allowing the Association, its Board, officers or employees to violate any law, rule, or regulation.

OTS Authority Not Affected.

41. Nothing in this Agreement shall inhibit, estop, bar or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

42. The Association acknowledges and agrees that its execution of the Agreement is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 41 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action

or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

43. The laws of the United States of America shall govern the construction and validity of this Agreement.

44. If any provision of this Agreement is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

45. All references to the OTS in this Agreement shall also mean any of the OTS's predecessors, successors, and assigns.

46. The section and paragraph headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

47. The terms of this Agreement represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

Enforceability of Agreement.

48. This Agreement is a "written agreement" entered into with an agency within the meaning and for the purposes of 12 U.S.C. § 1818.

Signature of Directors/Board Resolution.

49. Each Director signing this Agreement attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance and execution of the Agreement. This Agreement may be executed in counterparts by the directors after approval of

execution of the Agreement at a duly called board meeting. A copy of the Board Resolution authorizing execution of this Agreement shall be delivered to the OTS, along with the executed original(s) of this Agreement.

WHEREFORE, the OTS, acting by and through its Regional Director, and the Board of the Association, hereby execute this Agreement.

HOME SAVINGS BANK
Jefferson City, Missouri

OFFICE OF THRIFT SUPERVISION

By: _____ /s/
John W. Curtit, Director,
Chief Executive Officer and President

By: _____ /s/
Philip A. Gerbick
Regional Director, Western Region
Date: See Effective Date on page 1

_____/s/
Dennis L. Mueller, Director

_____/s/
Sam Bushman, Director

_____/s/
James E. Wunderlich, Director